R4105 - 5.4

THE CONFERENCE BOARD

Political Action Committees

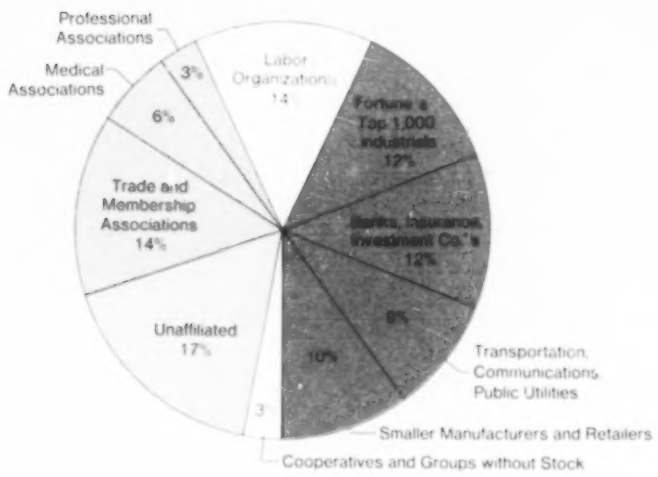
Economic Road Maps
Nos. 1868-1869 December, 1979

With the 1980 election less than a year away, considerable interest has been generated in the ways political campaigns are financed. Now under the Federal Election Campaign Act of 1972, there is public financing of the presidential campaign, but congressional races are still funded largely by individual contributors. An individual may contribute money to a candidate in three ways: directly to the candidate (maximum $1,000 per election), through a Political Action Committee ($5,000 maximum per calendar year), or to the national political parties (maximum $20,000 per calendar year). An individual may not contribute more than a total of $25,000 in a calendar year. It should be noted that money is only one aspect of a political campaign. Get-out-the-vote workers, phone-bank operators, and other volunteer campaigners can provide immeasurable support to a candidate.

Non-Party Political Action Committees
1977-1978

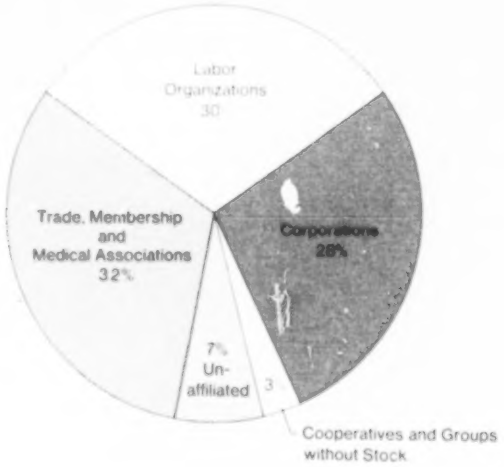
Number of Committees by Affiliation

1,938 = 100%



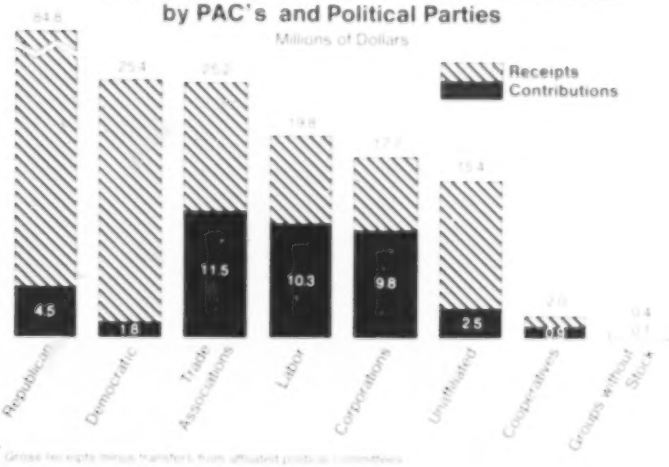
Contributions to Federal Candidates by Affiliation

$35.1 Million = 100%



Receipts and Contributions to Federal Candidates by PAC's and Political Parties

Millions of Dollars

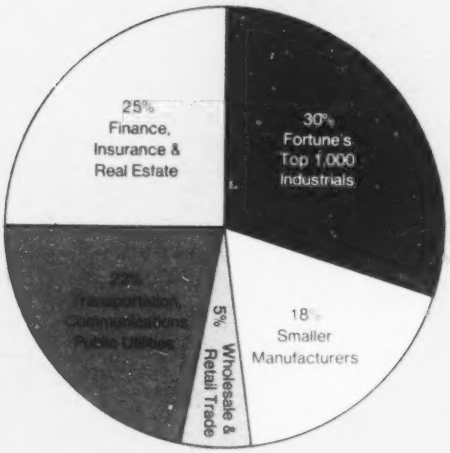


* Gross receipts minus transfers from affiliated posts or committees.

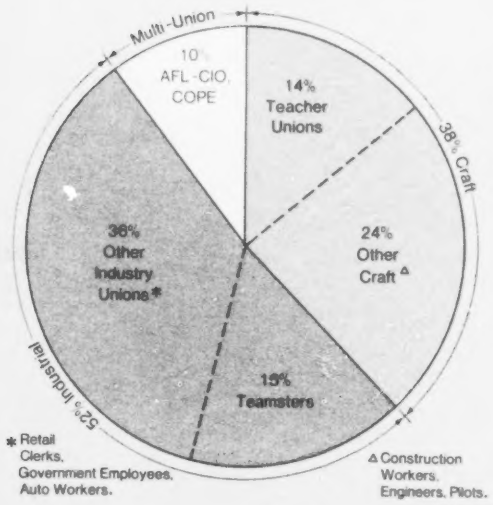
Political Action Committees (PAC's) can be set up by any group of people in order to raise funds for political candidates. The group may or may not be affiliated with a sponsoring organization. Most PAC's are connected with a sponsor such as a corporation, a labor union, or a trade association, which can solicit its employees, stockholders and members to contribute money voluntarily. The sponsoring organization is not allowed to give money to the PAC for contributions to federal candidates; the sponsor may only allocate money to the PAC for administrative costs. All committees, both PAC's and political party committees, must register with the Federal Election Commission (FEC). The FEC monitors all receipts, disbursements

Distribution of Corporate and Labor Union PAC's

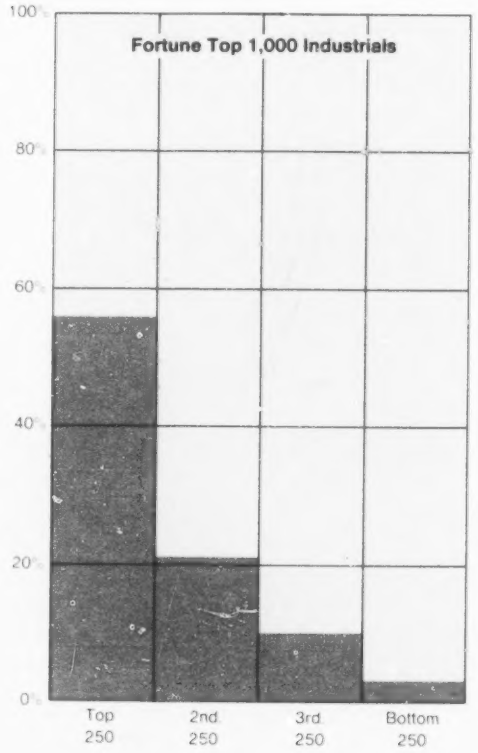
Corporate PAC's
by Number of Committees
767 Committees = 100%

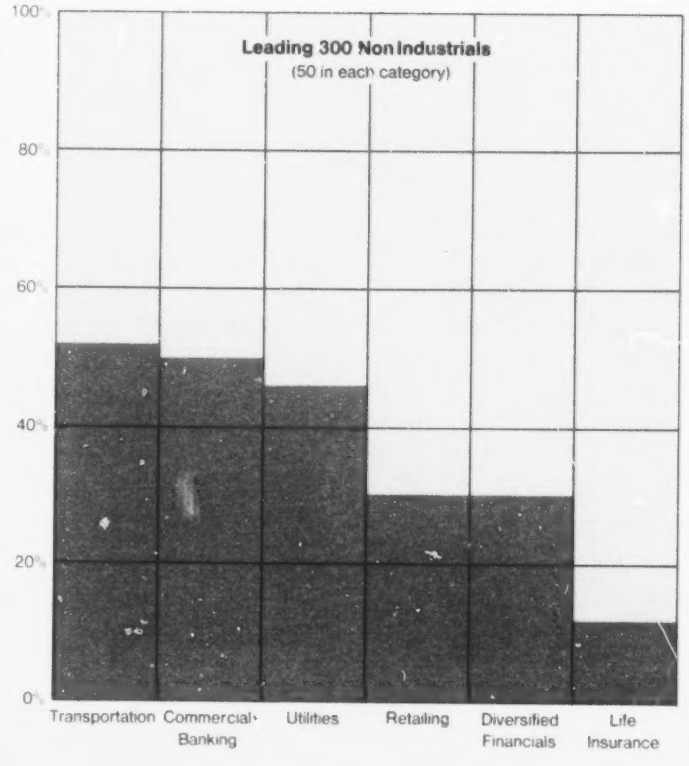


Labor Union PAC's
by Number of Committees
260 Committees = 100%



Percent of Largest Companies with at Least One PAC



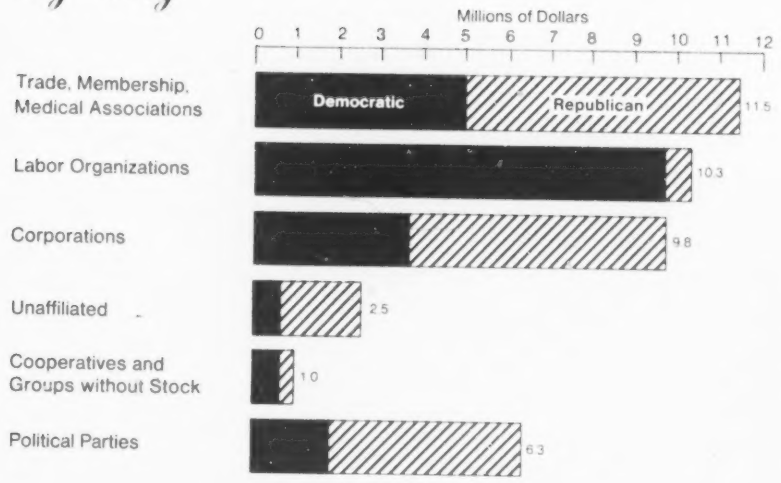


and contributions to candidates running for federal offices: the House of Representatives, the Senate, and the Presidency. This report deals only with contributions made in 1977-1978 to federal candidates as reported by the FEC, and not with contributions to state and local candidates.

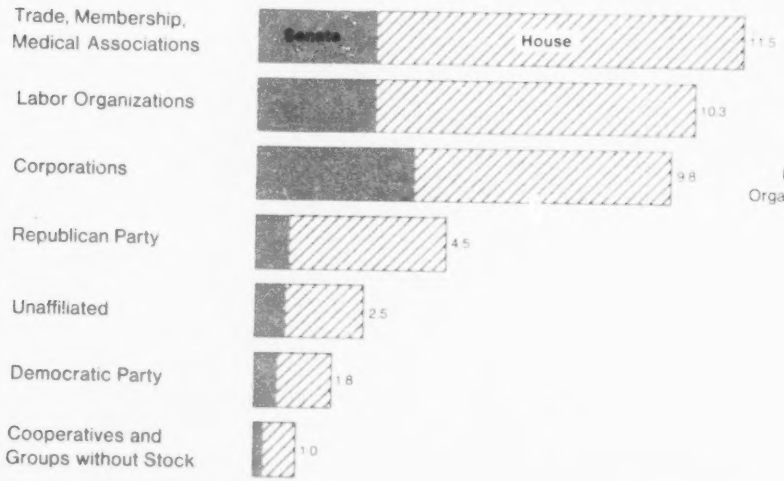
Currently, a multicandidate PAC may contribute up to $5,000 to a candidate for each election, or a total of $10,000 if the candidate wins the primary and goes on to the general election. The House of Representatives recently passed a bill that lowers the limit to $3,000 per election for House races only, but this bill is still pending in the Senate. The House proposal would prohibit House candidates from accepting more than $70,000 from all PAC's during

PAC Contributions to Federal Candidates

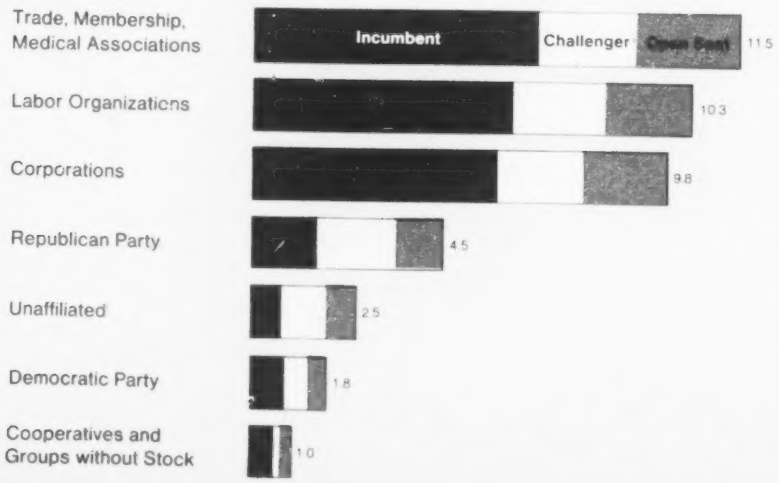
By Party



By House of Congress



By Type of Candidate

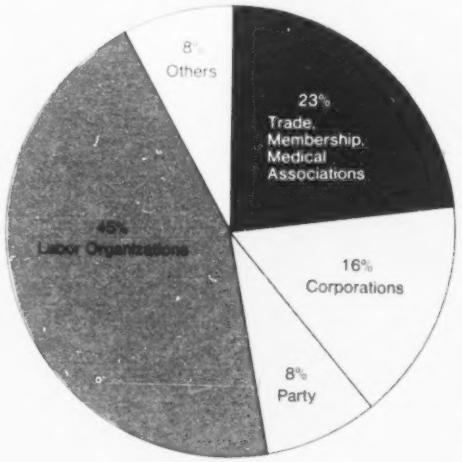


Sources of Contributions to Federal Candidates

Party and Non-Party PAC's

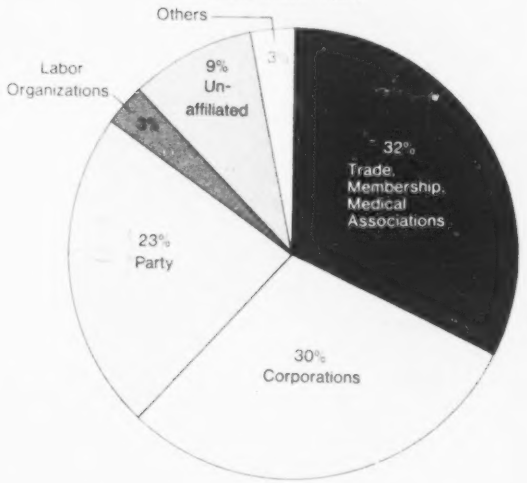
To DEMOCRATIC Candidates

$21.5 Million = 100%



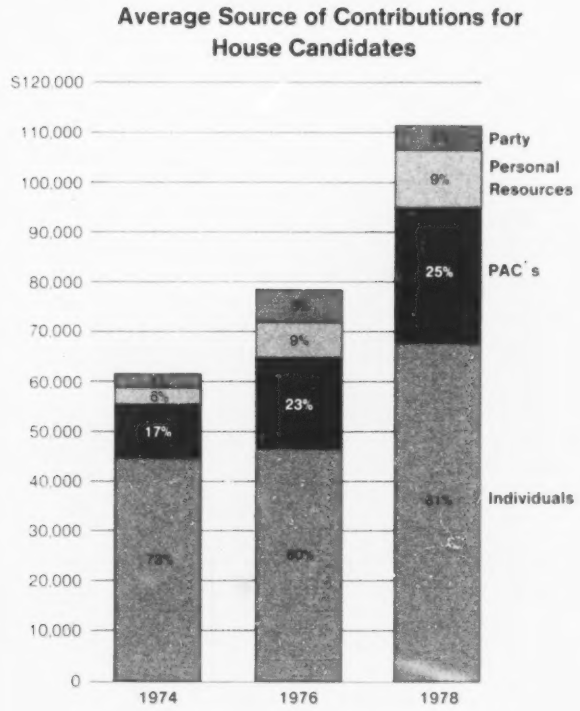
To REPUBLICAN Candidates

$19.8 Million = 100%



the two-year election cycle. The average House candidate received about $28,000 from PAC's, a figure well below the proposed maximum. Only a small percentage of the PAC receipts actually go to the candidates, as shown on the front page. The other funds cover operating costs, expenditures made on behalf of the candidates, or are carried over to the next two-year election cycle.

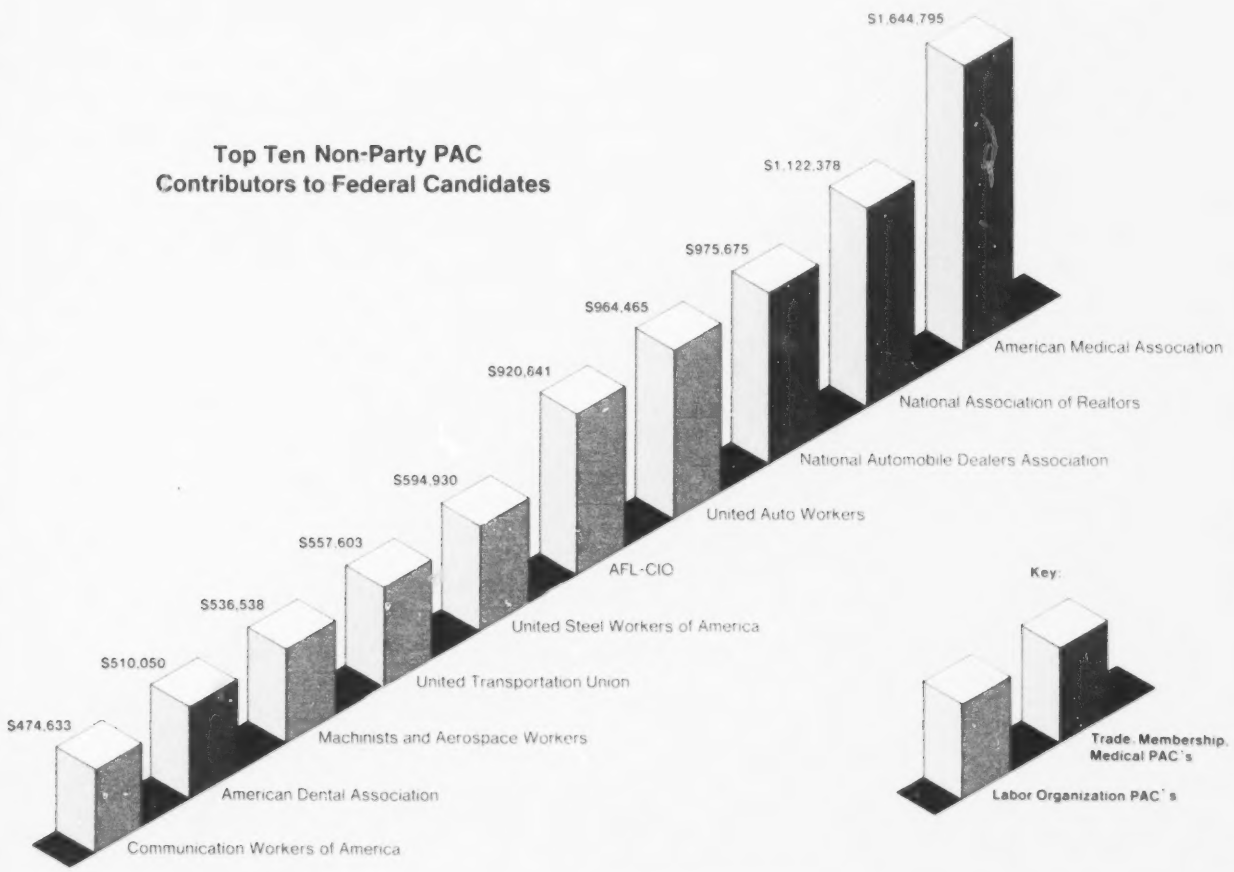
The FEC groups the nonpolitical party PAC's into six categories. The *trade and medical associations, membership organizations,* and the *labor organizations* give most of the money to federal candidates. Of the 1,938 nonparty PAC's, the ten largest contributors—all trade, medical



and labor committees—gave $8.3 million. This means that one-half of 1 percent of the total number of PAC's accounted for 24% of all PAC money given to federal candidates. According to FEC data, the largest *corporate* PAC contributor, sponsored by International Paper, gave $173,056, a sum equal to only just over 10% of the $1.6 million given by the American Medical Association. Only 22% of the *Fortune* top 1,000 industrials and 37% of the leading nonindustrial companies have a PAC. Very few *cooperatives*, such as the Associated Milk Producers, have PAC's, and these have been grouped with the *organizations without stock*, which also include groups such as private law firms and right-to-life committees. PAC's without sponsors are here called *unaffiliated*, and these include groups sometimes referred to as ideological committees. In most PAC's, a committee of members decides which candidates will receive PAC money. In other PAC's, contributions can be earmarked by a contributor for a specific candidate.

Peggy Ann Watts

Sources: Federal Election Commission; *Regulation*, May/June, 1979; *National Journal*, July 28, 1979; The Conference Board.



ECONOMIC ROAD MAPS

Prepared by
THE CONFERENCE BOARD

THE CONFERENCE BOARD IN CANADA

THE CONFERENCE BOARD IN EUROPE